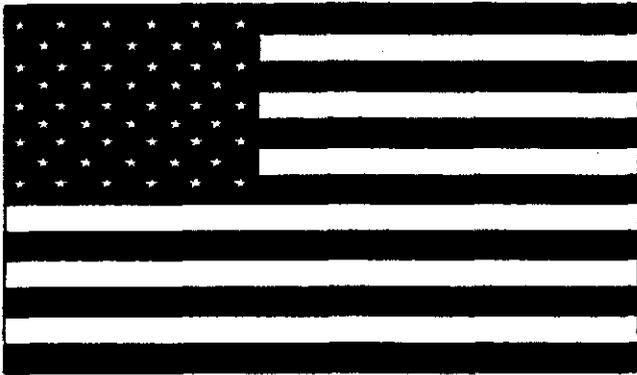
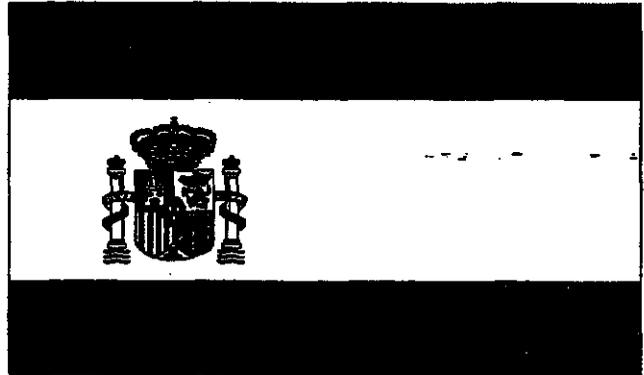


MEMORANDUM OF UNDERSTANDING



*The United States
Securities and Exchange Commission*



*The Comisión Nacional del Mercado de
Valores of Spain*

**Concerning Consultation
and Cooperation in the
Administration and Enforcement of
Securities Laws**

July 8, 1992

MEMORANDUM OF UNDERSTANDING
BETWEEN THE UNITED STATES SECURITIES AND
EXCHANGE COMMISSION AND THE
COMISIÓN NACIONAL DEL MERCADO DE VALORES OF SPAIN
CONCERNING CONSULTATION AND
COOPERATION IN THE
ADMINISTRATION AND ENFORCEMENT OF SECURITIES LAWS

July 8, 1992

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The United States Securities and Exchange Commission and the Comisión Nacional del Mercado de Valores of Spain, acting in their capacities as administrative authorities, recognizing the increasing international activity in securities markets and the corresponding need for mutual cooperation as a means for improving their effectiveness in administering and enforcing the securities laws of their respective countries, have reached the following understanding:

CLAUSE 1: DEFINITIONS

1. For the purposes of this Memorandum of Understanding:

(a) "Authority" means:

- (i) the Securities and Exchange Commission of the United States; or**
- (ii) the Comisión Nacional del Mercado de Valores of Spain.**

(b) (i) "requested Authority" means an Authority to whom a request is made under this Memorandum of Understanding; and

- (ii) "requesting Authority" means an Authority making a request under this Memorandum of Understanding.**

(c) "person" means a natural person, unincorporated association, partnership, or body corporate, government or political subdivision, agency, or instrumentality of a government.

(d) "issuer" means a person who issues or proposes to issue any securities.

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- (e) "investment business" means any business that involves, in whole or in part, effecting transactions in securities for the accounts of others; buying and selling securities for one's own account; advising others for compensation, either directly or through publications or listings, as to the value of securities or as to the desirability of investing in, purchasing or selling securities; engaging on behalf of an issuer of securities in matters relating to the issuance, registration, exchange and transfer of such securities; the management, promotion, offer or sale of any investment company or collective investment scheme; or equivalent activities conducted by persons or entities.
- (f) "securities processing business" means a clearing corporation or securities transfer agent.
- (g) "securities market" means an exchange or other market, including an over-the-counter market, for equity securities, debt securities, bonds, options or any other security that is recognized, regulated or supervised by the Authorities.
- (h) "laws or regulations" means the provisions of the laws, or regulations promulgated thereunder, of the United States and Spain, concerning
- (i) insider trading, misrepresentation or the use of fraudulent, deceptive, or manipulative practices in connection with the offer, purchase or sale of any security or the conduct of investment businesses;

- (ii) the duties of persons to comply with reporting requirements or requirements relating to changes in corporate control;
- (iii) acquisitions of and notifications of interests in securities (including powers to control the voting rights attached to securities and powers to dispose of securities), and associations and agreements in relation to securities and control over bodies corporate;
- (iv) the making of a false or misleading statement or any material omission in any application or report made to the Authorities;
- (v) the duties of persons, issuers or investment businesses to make full and fair disclosure of information relevant to investors;
- (vi) the duties of investment businesses, securities markets and securities processing businesses pertaining to their financial, operational or other requirements and their duties of fair dealing in the offer and sale of securities, the execution of transactions and the conduct of their businesses;
and
- (vii) the financial and other qualifications of those engaged in, or in control of, issuers, investment businesses, securities markets or securities processing businesses.

CLAUSE 2: ESTABLISHMENT OF A FRAMEWORK FOR CONSULTATIONS REGARDING MATTERS OF MUTUAL INTEREST

The signatories to this Memorandum of Understanding intend to engage in consultations about matters of mutual interest in order to enhance further cooperation and to protect investors by ensuring the stability, efficiency, and integrity of the securities markets of the United States and Spain; the coordination of market oversight; and the administration of United States and Spanish securities laws or regulations. The purpose of such consultations is to assist in the development of mutually agreeable approaches for strengthening the securities markets of the United States and Spain, while avoiding, whenever possible, conflicts that may arise from the application of differing regulatory practices.

CLAUSE 3: MUTUAL ASSISTANCE AND THE EXCHANGE OF INFORMATION

Section 1: Scope of Assistance

1. The Authorities will provide the fullest mutual assistance, to the extent permitted by the law of the United States and Spain, within the framework of this Memorandum of Understanding. Such assistance will be provided to facilitate the enforcement of the laws or regulations applicable to securities markets and their members; the granting of licenses, authorizations, waivers or exemptions for the conduct of investment businesses; the inspection or examination of investment businesses; and the conduct of investigations, litigation or prosecution where information located within the jurisdiction of the State of the requested Authority is needed to determine whether, or prove that,

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the laws or regulations of the State of the requesting Authority may have been violated. Such assistance will be provided without regard to whether the type of conduct described in the request for assistance would constitute a violation of the laws or regulations of the State of the requested Authority.

2. Assistance available under this Memorandum of Understanding will include:

- (a) providing access to information in the files of the requested Authority;
- (b) taking testimony and statements of persons;
- (c) obtaining information and documents from persons; and
- (d) conducting compliance inspections or examinations of investment businesses, securities processing businesses and securities markets.

3. The Authorities recognize that they may not in all circumstances possess the legal authority to provide the assistance contemplated in this Memorandum of Understanding. Subject to such limitations of legal authority, the Authorities will use all reasonable efforts to recommend to the appropriate authority that legislation be enacted, or to obtain the assistance of other governmental agencies or entities that have such authority, necessary to provide the assistance described in this Memorandum of Understanding.

Section 2: General Principles

1. This Memorandum of Understanding sets forth a statement of intent of the Authorities to establish a framework for mutual

assistance and to facilitate the exchange of information between the Authorities to enforce or secure compliance with any law or regulation, as that term is defined herein, and does not impose any legally binding obligation on the Authorities or supersede domestic law.

2. This Memorandum of Understanding does not affect any right of either Authority arising under the law of its State or any other arrangement to take measures otherwise than as provided herein to obtain information necessary to ensure compliance with, or to enforce, the laws or regulations of its State. In particular, this Memorandum of Understanding does not affect any right of either Authority to communicate with, or obtain information or documents from, any person, on a voluntary basis, in the State of the other Authority.

3. The provisions of this Memorandum of Understanding will not give rise to a right, directly or indirectly, on the part of any person other than the Authorities to obtain, suppress or exclude any information or to challenge the execution of a request for assistance under this Memorandum of Understanding.

4. The Authorities recognize the need and desirability of providing mutual assistance and exchanging information to assist each other in securing compliance with the laws or regulations of their respective States. The requested Authority may, however, deny assistance requested under this Memorandum of Understanding on the ground that:

(a) provision of the assistance would violate the national

or public interest or the law of the State of the requested Authority; or

- (b) the request is not in accordance with the provisions of this Memorandum of Understanding.

Section 3: Requests for Assistance

1. Requests for assistance will be made in writing and addressed to the requested Authority's contact person listed in Appendix A.

2. A request for assistance will specify the following:

- (a) a general description of both the subject matter of the request and the purpose for which the assistance or information is sought;
- (b) a general description of the assistance, information, documents or testimony of persons sought by the requesting Authority;
- (c) any information in the possession of the requesting Authority that might assist the requested Authority in identifying the persons or entities believed by the requesting Authority to possess the information sought, or the places where such information may be obtained;
- (d) the legal provisions pertaining to the matter that is the subject of the request; and
- (e) the desired time period for the reply.

3. In urgent circumstances, a request for assistance and a reply to such a request may be effected by summary procedures or

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by means of communication other than the exchange of letters, provided that all such communications are confirmed in writing in the manner prescribed in this Section.

Section 4: Execution of Requests

1. Access to information held in the files of the requested Authority will be provided upon the request of the requesting Authority.

2. When requested by the requesting Authority, the requested Authority will take the testimony or statements of persons involved, directly or indirectly, in the activities underlying the request, or possessing information that may assist in carrying out the request. The requesting Authority may, in its discretion, request the taking of the testimony or statements of specific persons. The requested Authority also may require the production of other information or evidence from any other person or persons designated by the requesting Authority.

3. The testimony or statements of persons will be taken in the same manner and to the same extent as in investigations or other proceedings in the State of the requested Authority. Notwithstanding any other provision of this Memorandum of Understanding, any person providing information or evidence as a result of a request made under this Memorandum of Understanding will be entitled to all the rights and protection of the law of the State of the requested Authority. Where assertions are made regarding other rights and privileges arising exclusively pursuant to the law of the State of the requesting Authority, the

Authorities will consult to determine the most appropriate way to proceed.

4. Notwithstanding paragraph 3 of this Section, when requested by the requesting Authority, testimony or statements will be taken under oath and a transcript will be made. In addition, a representative of the requesting Authority may be present at the taking of testimony or statements and may prescribe, to a designated representative of the requested Authority, specific questions to be asked of any witness.

5. When requested by the requesting Authority, an inspection or examination will be conducted of the books and records of an investment business or its custodian or agent, a securities market, or a securities processing business. In addition, a representative of the requesting Authority may be present at the inspection or examination and, subject to approval by the requested Authority, may participate in that inspection or examination.

6. In addition to participating in the taking of testimony or statements pursuant to paragraph 4 of this Section, or an inspection or examination pursuant to paragraph 5 of this Section, the requesting Authority may submit to the requested Authority a request, with reasons, that a person or persons designated by the requesting Authority be permitted to conduct the testimony or take a statement of any person, or conduct an inspection or examination.

(a) The request may be granted, modified or denied by the requested Authority in its discretion.

(b) Where the requested Authority grants a request which

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specifies that the law of the State of the requesting Authority requires the opportunity for counsel for the witness or any party to the proceeding to pose questions to the witness, the requested Authority will use its best efforts to ensure that such an opportunity will be given.

- (c) Section 7 of this Clause applies to the denial of a request referred to in this Section.

Section 5: Permissible Uses of Information

1. The requesting Authority may use the information furnished pursuant to this Memorandum of Understanding solely:

- (a) for the purposes stated in the request, including ensuring compliance with or enforcement of the laws or regulations of the requesting Authority, including those specified in the request and related provisions; and
- (b) for purposes within the general framework of the use stated in the request, including conducting a civil or administrative enforcement proceeding, assisting in a self-regulatory enforcement proceeding, assisting in a criminal prosecution, or conducting any investigation related thereto for any general charge applicable to the violation of the provision specified in the request.

2. In order to use the information furnished for any purpose other than those stated in paragraph 1 of this Section, the requesting Authority first will notify the requested Authority of its intention, and provide the requested Authority with the opportunity to oppose such use. The requested Authority will raise

its objections to such use, if any, within 14 days of receipt of the requesting Authority's notice. If the requested Authority opposes such use of the information, the Authorities agree to consult pursuant to Section 7 of this Clause concerning the reasons for the objections.

Section 6: Confidentiality of Requests and Information

1. To the extent permitted by law, except for disclosures in accordance with Section 5 of this Article, and disclosures that are absolutely necessary to carry out the request:

(a) each Authority will keep confidential requests made under this Memorandum of Understanding, the contents of such requests, and any other matters arising during the operation of this Memorandum of Understanding, including consultations between the Authorities and unsolicited assistance; and

(b) the requesting Authority will keep confidential any information received pursuant to this Memorandum of Understanding.

2. Except as contemplated by Section 5 of this Clause, the requesting Authority will not offer the information to, and will use its best efforts to ensure that it is not obtained by, any other person. Unless otherwise agreed, in the event that any other person obtains such information, the requesting Authority will use its best efforts to ensure that such information is not used by that person in any way that involves disclosure to any other person.

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3. The requesting Authority will notify the requested Authority of any legally enforceable demand for information prior to complying with the demand and will assert such appropriate legal exemptions or privileges with respect to such information as may be available.

4. In response to a request by the requested Authority and to the extent permitted by law, as soon as the requesting Authority has terminated the matter for which assistance has been requested under this Memorandum of Understanding, it will return to the requested Authority all documents and copies thereof not already disclosed in proceedings referred to in Section 5 of this Clause, and other material disclosing the contents of such documents, other than material generated as part of the investigative, deliberative or internal analytical processes of the requesting Authority, which may be retained.

**Section 7: Consultations Regarding Mutual Assistance
Pursuant to this Memorandum of Understanding**

1. In any case of dispute over the meaning of any term used in this Memorandum of Understanding, the Authorities will define such term in accordance with the relevant law of the State of the requesting Authority.

2. The Authorities will consult with each other regarding this Clause with a view to improving its operation and resolving any matters that may arise. In particular, the Authorities will consult upon request in the event of:

- (a) a denial by one Authority of, or opposition by one Authority to, a request or proposal made by the other

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Authority pursuant to this Memorandum of Understanding;
or

- (b) a change in market or business conditions, or in the legislation governing the matters set forth in paragraph 1(h) of Clause 1, or any other development that makes it necessary or appropriate to amend or extend this Memorandum of Understanding in order to achieve its purposes.

3. The Authorities may agree on such practical measures as may be necessary to facilitate the implementation of this Memorandum of Understanding.

4. Any of the conditions of this Memorandum of Understanding may be amended, relaxed or waived by mutual agreement.

Section 8: Unsolicited Assistance

To the extent permitted by law, each Authority will use reasonable efforts to provide the other Authority with any information it discovers that gives rise to a suspicion of a breach, or anticipated breach, of the laws or regulations of the other Authority.

Section 9: Costs of Investigation

If it appears to the requested Authority that it will incur substantial costs in responding to a request for assistance under this Memorandum of Understanding, the requested Authority and the requesting Authority will establish a cost-sharing arrangement before continuing to respond to such request for assistance.

Section 10: Effective Date

This Memorandum of Understanding will be effective from the

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date of its signing by the Authorities.

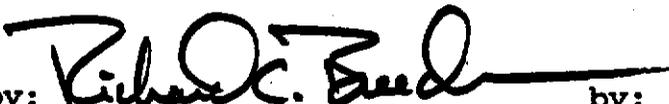
Section 11: Termination

This Memorandum of Understanding will continue in effect until the expiration of 30 days after either Authority gives written notice to the other Authority of its intention to terminate the Memorandum of Understanding. If either Authority gives such notice, this Memorandum of Understanding will continue to have effect with respect to all requests for assistance that were made before the effective date of notification until the requesting Authority terminates the matter for which assistance was requested.

DONE at Quebec, Canada this ^{8th} day of July, 1992, in duplicate, in the English and Spanish languages, both texts being equally authentic.

UNITED STATES SECURITIES
AND EXCHANGE COMMISSION

COMISIÓN NACIONAL DEL MERCADO
DE VALORES OF SPAIN

by: 
RICHARD C. BREEDEN
CHAIRMAN

by: 
LUIS CARLOS CROISSIER B.
PRESIDENTE

APPENDIX A

CONTACT OFFICERS

United States Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549
U.S.A.

Attention: Director, Office of International Affairs

Tel: (202) 272-2306
FAX: (202) 504-2282

Comisión Nacional del Mercado de Valores of Spain
Paseo de la Castellana 19-4 pl.
28046 Madrid
SPAIN

Attention: Director, División de Análisis Económico

Tel: (1) 585.15.11
Fax: (1) 319.33.73

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